

1. What type of corporation may be owned by just a few people and does not offer its shares for sale to the general public?
  - A. Private
  - B. General
  - C. Public
  - D. Limited
  
2. Providing marketing information is an important channel activity. Businesses rely on marketing information to determine
  - A. how intermediaries are performing.
  - B. their target markets' needs and wants.
  - C. how much to charge for their products.
  - D. what to name their products.
  
3. What can a business do to determine if there are problems with its customer-service levels in relation to its product-distribution strategies?
  - A. Conduct a break-even analysis
  - B. Evaluate its channel members' performance
  - C. Analyze the product's quality standards
  - D. Examine the organizational chart
  
4. A farmer with a produce stand in the yard is an example of a \_\_\_\_\_ distribution channel.
  - A. producer to retailer to consumer
  - B. producer to agent to consumer
  - C. producer to consumer
  - D. producer to wholesaler to consumer
  
5. An advantage of using satellite tracking technology in distribution is that it enables businesses to
  - A. analyze the contents of packages.
  - B. know where shipments are at all times.
  - C. determine the delivery drivers' qualifications.
  - D. obtain information about competitors.
  
6. What is another way to describe financial information that is true, complete, and faithfully represented?
  - A. Timely
  - B. Understandable
  - C. Comparable
  - D. Reliable
  
7. Which of the following categories of information are found on a balance sheet:
  - A. Assets, liabilities, owner's equity
  - B. Income, expenditures, profit
  - C. Assets, liabilities, margin
  - D. Revenues, expenses, profit
  
8. Using the cash accounting method, determine the amount of sales that a business would record for one day if it makes \$2,300 in cash sales, has COD sales of \$450, and places a \$300 special order.
  - A. \$2,300
  - B. \$2,600
  - C. \$2,750
  - D. \$3,050

9. The administration of assets refers to decisions about
  - A. spending.
  - B. accounting.
  - C. investments.
  - D. financing.
  
10. Labor-union negotiations are part of which HR management activity?
  - A. Staffing
  - B. Compensation and benefits
  - C. Training and development
  - D. Employee relations
  
11. Which of the following is an example of helpful, printed information that businesses often give new employees during orientation:
  - A. Promotional brochure
  - B. Annual report
  - C. Application form
  - D. Company handbook
  
12. How do producers benefit from the exchanges that result from marketing?
  - A. By gaining repeat business
  - B. By controlling their costs
  - C. By obtaining unlimited resources
  - D. By increasing charitable contributions
  
13. The development of goods and services that best satisfy consumer needs and wants is a major goal of
  - A. financing.
  - B. purchasing.
  - C. product/service management.
  - D. marketing-information management.
  
14. A home-improvement company has determined that many of its potential customers will only purchase carpeting from businesses offering a discount. What has the company determined?
  - A. Customer buying behavior
  - B. Customer shopping types
  - C. Customer browsing methods
  - D. Customer selling ability
  
15. Which of the following is a true statement about B2B (business-to-business) marketing:
  - A. B2B marketing strategies work well for consumer marketing, but consumer strategies don't work for B2B.
  - B. Only specialty marketing firms undertake B2B marketing.
  - C. B2B marketing is more difficult than consumer marketing.
  - D. Marketers approach B2B marketing differently than consumer marketing.
  
16. Natalie searched for 45-minutes to locate an important file folder, which she found under a pile of papers in an unmarked box that was stored under her desk. What action did Natalie fail to take that would have increased her efficiency and saved the company money?
  - A. Using supplies wisely
  - B. Staying on task
  - C. Staying organized
  - D. Observing safety standards

17. Which of the following is an example of corporate responsibility:
  - A. A company hires minority employees.
  - B. A company expands its facilities.
  - C. A company uses recycled materials in its products.
  - D. A company pays its taxes on time.
  
18. Designing an effective marketing strategy is important
  - A. but not possible to achieve.
  - B. to the success of the business.
  - C. as a promotion function.
  - D. as a one-time process.
  
19. Which of the following is a consideration in the price element of marketing:
  - A. Will the business use publicity?
  - B. Where will the products be stored?
  - C. Should the business offer discounts?
  - D. When will research be conducted?
  
20. Determining the group of customers that will be the main target for a company's goods/services is done through
  - A. market strategy.
  - B. market segmentation.
  - C. a policy statement.
  - D. consumer behavior research.
  
21. Which of the following is an example of a marketing strategy that a business might develop in order to achieve an objective it has outlined in its marketing plan:
  - A. Obtaining \$1 million in sales
  - B. Lowering prices by 5%
  - C. Increasing profits by 10%
  - D. Reducing operating costs
  
22. Business A spends less on advertising than Business B. Both businesses sell the same products, but Business B charges higher prices than Business A. Which of the following factors has affected the prices of the business:
  - A. Place
  - B. Supply
  - C. Product
  - D. Promotion
  
23. Why are Universal Product Codes (UPCs) often preprinted on products before the manufacturer ships the products to the business?
  - A. To reduce the possibility of theft
  - B. To increase the product turnover rate
  - C. To simplify the price-marking function
  - D. To improve the transportation system
  
24. Selling price helps customers to allocate their money because price determines
  - A. what customers need to purchase.
  - B. the value of products to all purchasers.
  - C. what customers can afford to purchase.
  - D. the quality of all goods and services.

25. The management function of business is usually responsible for
- A. setting policy.
  - B. serving customers.
  - C. preparing ads.
  - D. stocking shelves.

1. A  
Private. A private corporation may be owned by just a few people and does not offer its shares for sale to the general public. It usually is not required to make its financial activities public. For tax reasons, it must prepare reports for the states in which it operates. A public corporation usually sells millions of shares of stock to many stockholders. Limited and general are types of partnerships.  
SOURCE: BL:003  
SOURCE: BL LAP 1—Own It Your Way (Types of Business Ownership)
  
2. B  
Their target markets' needs and wants. Businesses rely on marketing information to determine their target markets' needs and wants. Intermediaries are often able to provide producers with valuable marketing information since they deal with final consumers more closely. Marketing information may or may not help businesses determine how intermediaries are performing, how much to charge for their products, or what to name their products.  
SOURCE: CM:001  
SOURCE: CM LAP 2—Chart Your Channels (Channel Management)
  
3. B  
Evaluate its channel members' performance. An important aspect of channel management is evaluating the performance of channel members. If channel members are not performing efficiently, then customers are not obtaining products when and where they need them, which affect customer-service levels, and ultimately customer-satisfaction levels. Therefore, a business must continuously monitor and evaluate its channel members' performance to ensure that customers' needs are met. If the business determines that there are problems with certain channel members, it can take steps to help the channel members improve their performance, end the relationship with the channel members, or change its distribution strategies. Conducting a break-even analysis, analyzing product quality standards, and examining the business's organizational chart will not help the business determine if there are problems with its customer-service levels in relation to its product-distribution strategies.  
SOURCE: CM:002  
SOURCE: Monczka, R.M., Handfield, R.B., Giunipero, L.C., & Patterson, J.L. (2009). *Purchasing and supply chain management* (4th ed.) [pp. 708-711]. South-Western Cengage Learning.
  
4. C  
Producer to consumer. When goods are sold directly from the producer to the consumer, this is a direct channel of distribution. All of the other alternatives involve one or more intermediaries between the producer and the consumer. These are examples of indirect channels of distribution.  
SOURCE: CM:003  
SOURCE: CM LAP 1—Channel It (Channels of Distribution)
  
5. B  
Know where shipments are at all times. Satellite tracking technology is based on the use of orbiting satellites, and enables businesses to monitor the location of delivery trucks. Once a shipment is placed on a truck, the shipment can be tracked by satellite so businesses know where the shipment is at all times. This technology makes it possible for businesses to tell customers exactly where the shipment is and when it will be delivered. Satellite tracking technology does not enable businesses to analyze the contents of packages, determine the delivery drivers' qualifications, or obtain information about competitors.  
SOURCE: CM:004  
SOURCE: Monczka, R.M., Handfield, R.B., Giunipero, L.C., & Patterson, J.L. (2009). *Purchasing and supply chain management* (4th ed.) [pp. 644-646]. South-Western Cengage Learning.

6. D  
Reliable. Useful financial information is typically transparent, timely, understandable, comparable, and reliable. If data users are confident that their financial information is true, complete, and faithfully represented, then the financial information is reliable. If the financial information is comprehensible and presented in the simplest manner possible, then it is understandable. If one set of financial information can be brought together with another set of financial information to determine similarities and differences between the two sets, then the information is comparable. If the information is up to date, it is also timely.  
SOURCE: FI:579  
SOURCE: FI LAP 9—By the Numbers (Need for Financial Information)
7. A  
Assets, liabilities, owner's equity. A balance sheet is a financial statement that captures the financial condition of the business at that particular moment. The statement first lists assets, anything of value that a business owns; then liabilities, or debts that the business owes; and finally owner's equity, or the amount the owner has invested in the business, plus or minus profits and losses. Revenues, or income; expenses, or expenditures; and profit are components of an income statement, or profit-and-loss statement. Margin is a term that describes the difference between net sales and cost of goods sold.  
SOURCE: FI:085  
SOURCE: FI LAP 5—Show Me the Money (Nature of Accounting)
8. A  
\$2,300. The cash accounting method involves recording income at the time the money changes hands. In other words, the business enters the amount of a transaction into its records on the day the money is received from the customer. If the customer doesn't pay for the item until a later time, the sale is not recorded until that date. A business using the cash accounting method would record only the \$2,300 that it makes in cash sales that day. It would record the \$450 in COD sales when the items are delivered and the amount due is collected from the customers. The business would record the \$300 special order after the order arrives and the customer pays for and picks up the order.  
SOURCE: FI:085  
SOURCE: FI LAP 5—Show Me the Money (Nature of Accounting)
9. C  
Investments. The administration of assets refers to decisions about investments. Each company has assets—things it owns that are of value. Financial managers are responsible for determining what types of assets the company should own, as well as the proper mix of those assets. Financial managers do not necessarily make decisions about accounting. They do make decisions about company spending, but this is not necessarily involved in the administration of assets. Financing decisions are referred to as the acquisition of funds.  
SOURCE: FI:354  
SOURCE: FI LAP 7—Money Matters (Role of Finance)
10. D  
Employee relations. Labor-union relations and negotiations are part of the HR management activity of employee relations. Staffing involves making sure human resources needs are filled. Training and development involves making sure employees are productive and knowledgeable. Compensation and benefits involves making sure employees get paid.  
SOURCE: HR:410  
SOURCE: HR LAP 35—People Pusher (Nature of Human Resources Management)

11. D

Company handbook. Many businesses develop company handbooks that they give to new employees during the orientation process. The handbooks usually contain information about company policies and procedures and employee benefits and responsibilities. The information in the handbook answers many of the questions that new employees often have about the company. Annual reports and promotional brochures do not contain the type of business information that is useful to new employees. Application forms are completed before employees are hired and begin the orientation process.

SOURCE: HR:360

SOURCE: Small Business Notes. (n.d.). *Employee handbook*. Retrieved May 21, 2014, from <http://www.smallbusinessnotes.com/operating/hr/employeehandbook.html>

12. A

By gaining repeat business. The primary goal of most businesses is to make a profit by gaining and keeping customers. Marketing helps producers to achieve that goal by helping them to effectively plan, price, promote, and distribute their goods and services. Marketing does not always enable producers to increase their charitable contributions or to control costs. All resources are limited.

SOURCE: MK:001

SOURCE: MK LAP 4—Have It Your Way!

13. C

Product/service management. This marketing function involves obtaining, developing, maintaining, and improving a product or service mix in response to market opportunities. Financing is not a marketing function but a business function that involves understanding the financial concepts used in making business decisions. Purchasing is a business activity rather than a marketing function. Marketing-information management involves gathering, accessing, synthesizing, evaluating, and disseminating information for use in making business decisions.

SOURCE: MK:002

SOURCE: MK LAP 1—Work the Big Six (Marketing Functions)

14. A

Customer buying behavior. Businesses need to understand what motivates customers to make decisions to buy. The process of deciding what to buy, where to buy, and from whom to buy is the buying behavior. Customers are motivated by certain factors such as discounts. If a business determines that customers will buy a certain product only from businesses offering a discount on that product, the business can plan to accommodate that behavior in order to attract customers and sell the product. A business determining that most potential customers will purchase only from businesses offering a discount is not an example of explaining customer shopping types, browsing methods, or selling ability.

SOURCE: MK:014

SOURCE: MK LAP 6—Cause and Effect (Buying Behavior)

15. D

Marketers approach B2B marketing differently than consumer marketing. Because business customers are different from individual consumers, marketers must approach them in ways that are appropriate for their unique needs. Many companies market to business customers, not just specialty firms. B2B marketing is not necessarily more difficult than consumer marketing, just different. Some B2B and consumer marketing strategies may overlap; one is not necessarily better than the other for using on the "opposite side."

SOURCE: MK:014

SOURCE: MK LAP 6—Cause and Effect (Buying Behavior)

16. C

Staying organized. Employees can help their employers reach their objectives by working efficiently. To work efficiently, employees should be organized and have a system for keeping track of their work and supplies. Because Natalie's workspace was not organized, she spent a lot of time looking for a file instead of working on something more productive. There is not enough information provided to determine if Natalie has problems staying on task, using supplies wisely, or observing safety standards.

SOURCE: MK:015

SOURCE: MK LAP 2—Act Now! (Employee Actions and Company Goals)

17. C

A company uses recycled materials in its products. Showing concern for the environment is one way that companies demonstrate corporate responsibility. Corporate responsibility involves going above and beyond just following rules and regulations—hiring minority employees and paying taxes on time are actions expected of each and every company by the law. Expanding facilities does not necessarily exhibit concern for the community, the environment, or employees.

SOURCE: MK:019

SOURCE: MK LAP 3—Just Do It...Right (Company Actions and Results)

18. B

To the success of the business. Marketing strategies are plans of action for achieving marketing goals and objectives. Businesses must be aware of internal changes and changes in the marketplace in order to determine if their strategies are effective and efficient. Designing an effective marketing strategy is possible to achieve, but it is not a one-time process. Promotion is a marketing function that communicates information about goods, services, images, and/or ideas to achieve a desired outcome.

SOURCE: MP:001

SOURCE: MP LAP 2—Pick the Mix (Marketing Strategies)

19. C

Should the business offer discounts? The price element requires marketers to determine the amount of money they will ask in exchange for their goods or services. This will involve determining how low or how high to set prices; what payment terms to offer; and what, if any, discounts to offer. Storage considerations are related to place decisions. The use of publicity is a promotion consideration. The determination of when research will be conducted is an aspect of the product element.

SOURCE: MP:001

SOURCE: MP LAP 2—Pick the Mix (Marketing Strategies)

20. B

Market segmentation. This involves dividing the total market into groups according to needs and specific characteristics such as age, income, and geographic location. Market segmentation allows a company to tailor its product(s) to meet the needs of one of these groups. Market strategy consists of an overall plan to move the goods/services from producer to ultimate consumer. Policy statements define the company's philosophical attitudes and beliefs. Consumer behavior research is used to determine why customers buy certain products or types of products.

SOURCE: MP:003

SOURCE: MP LAP 3—Have We Met? (Market Identification)

21. B

Lowering prices by 5%. Marketing strategies are plans of action for achieving marketing goals and objectives. To be effective, marketing strategies need to specify how a business will achieve its goals. For example, lowering prices by 5% is an action that a business can take to attract more customers, which is the purpose of the marketing plan. Obtaining \$1 million in sales, increasing profits by 10%, and reducing operating costs are examples of marketing objectives. To achieve those objectives, the business identifies marketing strategies, such as lowering prices by 5%.

SOURCE: MP:007

SOURCE: MP LAP 1—A Winning Plan (Nature of Marketing Plans)



22. D

Promotion. Business B is spending more on its advertising and is passing the costs on to the customer through higher prices. Place involves getting products in the right place at the right time. Product decisions involve deciding what goods, services, or ideas to produce or to sell in order to satisfy customers' needs and wants. Supply is the quantity of a good or service that sellers are able and willing to offer for sale at a specified price in a given time period.

SOURCE: PI:001

SOURCE: PI LAP 2—The Price is Right (Pricing)

23. C

To simplify the price-marking function. The Universal Product Code (UPC) label is encoded with product information such as price, brand, size, etc., to be read by an electronic scanner. Technology allows manufacturers to preprint this data on packages before shipping them to businesses. The preprinted data simplify the price-marking function because the business does not need to mark a price on each product. The UPC data contain the necessary pricing information. Preprinting UPCs on products does not increase the product turnover rate, reduce the possibility of theft, or improve the transportation system.

SOURCE: PI:016

SOURCE: Farese, L.S., Kimbrell, G., Woloszyk, C.A. (2012). *Marketing essentials* (pp. 547, 561). Columbus, OH: Glencoe/McGraw-Hill.

24. C

What customers can afford to purchase. Selling price helps customers to decide which items they can afford, which ones are too expensive, and to allocate their funds accordingly. The value of products is not the same to all purchasers because their needs will be different. The quality of products is determined by the nature of the products themselves, not by their prices.

SOURCE: PI:002

SOURCE: PI LAP 3—Make Cents (Factors Affecting Selling Price)

25. A

Setting policy. Most businesses have established policies and set standards by which the business is governed. Setting policy is a function of management, which is the process of planning, organizing, directing, and controlling activities in order to achieve goals or objectives. Serving customers, stocking shelves, and preparing ads are different kinds of work carried out by a company's employees under the direction of management.

SOURCE: SM:001

SOURCE: SM LAP 3—Manage This! (Nature of Management)